A recent Epsilon survey showed nearly 40 percent of chief marketing officers (CMOs) at leading U.S. brands were unsatisfied with the quality of the new-hire talent pool. Their perception of quality was defined as "someone who is able to handle their responsibilities on day one." With national unemployment levels approaching all-time highs, it’s hard to believe that the number of qualified candidates could be so few.

As HR professionals, we realize that this perception may not reflect reality. Truth be told, it’s not the CMOs who are charged with finding the best talent. Often it takes a discriminating eye and a unique skill to find the very best candidates from a sea of potentials. C-level executives and hiring managers rely on HR to scour the marketplace for great people. Great people lead directly to success in the business world. Companies can have a unique product, stellar service, or leading technology, but it’s the talent within an organization that separates it from the pack.

The executives surveyed also noted the most important characteristics they seek in new employees were creative thinking (70 percent), leadership (64 percent), project efficiency (63 percent), forward thinking (63 percent), and fiscal responsibility (40 percent). These qualities can apply to many positions we search for in various types of organizations. Recruiting great people who possess these qualities is part science and part art. Although “gut feel” shouldn’t be discounted when hiring, I’m a firm believer in more science and less art.

Although the CMO survey is a snapshot from a select group of respondents, it’s not a stretch to say that if one C-level executive is thinking it, others may share his or her view. That’s why it’s imperative for HR leaders to understand the overall business and what’s important to an executive. If we are charged with finding, keeping, and developing great people, then it’s critical to see the big picture.

Great leaders have a way of simplifying things and cutting to the core issue. They ask the right questions in a straightforward manner. As HR leaders, we should do the same. How does the company make money? What are the revenue and profit goals? Where are opportunities for growth? What talent is needed to fuel that growth? What is our growth strategy (acquire or hire)? What makes people successful in our company? By asking questions like these, HR leaders can have a macro-level view of the business and speak the language of the boardroom.

This article describes the Epsilon hiring philosophy and how the company has strived to create a repeatable process in order to make exceptional hires—over and over again. If there is any truth to the CMO survey mentioned above, we’ve got to think...
like executives to change their perception regarding the weak talent pool and have a better understanding of the type of talent that will meet management’s needs and expectations.

**PROJECT-BASED RECRUITING**

Executives are focused on results. They like metrics and numbers. They like to keep score, and it’s usually via the income statement. Finding the best people is really no different. With a project-based approach to recruiting, we can deliver great talent and make major strides toward creating a superior talent-acquisition function.

A strong foundation gives HR the best chance to change C-level perceptions of a weak talent pool. As any top performer will admit, you win with the basics. Improving the talent-acquisition function starts with the talent already in the company.

Large, complex organizations already have dedicated HR practitioners across a variety of disciplines (employee relations, organizational design, training and development, benefits, etc.). A closely aligned but separate talent-acquisition function probably already exists in these companies.

Start-ups or businesses in emerging markets likely have only a handful of HR personnel. Managers need them for everything from counseling employees to processing I-9 forms to facilitating training (and, by the way, finding three coordinators, two project managers, and an administrative assistant who can start yesterday). If you’re an HR practitioner responsible for hiring, you can implement ideas outlined in this article. If you oversee the function but don’t actively recruit, you need a dedicated partner who can execute the basics flawlessly and consistently.

**THE EVOLUTION OF THE RECRUITING FUNCTION**

Lest we forget, HR is a service line to the business. As with professional staff in finance, facilities, legal, and IT, we are responsible for delivering a service to our internal clients. Ultimately, we all serve the CEO and every level below, although that fact is easily lost during the hectic course of any given day.

When we look for talent, we’re answering three basic questions: Can they do the job? Do they want the job? Will they fit the job? All the applicant-tracking systems, job boards, and social-networking sites on Earth can’t provide these answers.

For starters, take an objective look at your current organization and its talent-acquisition function. **Exhibit 1** depicts the evolution of a recruiting function and, therefore, the organization. Moving left to right—from “ad hoc” to “optimized”—and graduating up to the next level demonstrates progress toward growing and maturing the function. Where does your recruiting function fit on that spectrum?

*Ad hoc* organizations have a chaotic recruiting function that is equivalent to the Wild West. There is little to no process and
while goal. The steps taken to move from left to right across this spectrum will most assuredly yield results (and help change that C-level perception).

**A CONSULTATIVE APPROACH TO TALENT ASSESSMENT**

Whether your company is a start-up or a Fortune 500, recruiting should be run like a consulting practice. Our role is to understand client needs and match those needs to the market. We have a brand to sell and relationships to nurture. Quality recruiters ask good, simple questions that cut to the core issues that are important to hiring managers. They view the relationship through a consultative lens.

In many ways, the root cause for hiring managers’ dissatisfaction stems from a lack of communication—not the candidate’s lack of communication skills, but rather a lack of open dialogue between hiring manager and recruiter.

Determine where your organization is today and envision where you want it to go. Be realistic, as progressing between steps often takes years. It also requires a significant commitment directly from the executive suite. Although it may be difficult to attain an optimized recruiting function, it’s a worthwhile goal. The steps taken to move from left to right across this spectrum will most assuredly yield results (and help change that C-level perception).
is a two-way street and sometimes requires courage on the part of the recruiter. If recruiters are not getting the necessary information or buy-in from managers, the chances for success decrease dramatically. Being courageous means challenging managers when appropriate. Knowing the business will generate confidence to challenge when necessary.

HR professionals are a service line to the business, but candid discussion with hiring managers helps convince them they’re part of the solution. To make truly great hires, managers have to be as committed as, if not more so than, recruiters. Without their commitment, the chances of missing expectations are higher. Without a partnership, managers’ perceptions of quality are in jeopardy. Part of a recruiter’s job is to help managers understand the importance of a well-defined search and that managers have a role in the process. It goes without saying that effort, responsiveness, professionalism, and market knowledge are attributes the recruiter needs to bring to the table. But nobody is better positioned to define the ideal candidate than the hiring manager.

THE EPSILON RECRUITING METHODOLOGY

The aforementioned CMO survey begs the question, “What hiring approach was used?” If CMOs were dissatisfied with the talent pool and didn’t feel like their hires were qualified to perform their jobs on day one, there exists a flaw in the hiring approach. Although there are various ways to run a search, applying a project-based approach is ideal.

When defining a recruiting methodology, some primary components are industry standard. Epsilon’s recruiting methodology is broken into five distinct phases: plan, source, assess, close, and engage. Think of any search the way a project manager views a deliverable. Good project managers reverse engineer their work. The end result (which means an on-time, on-budget project) stems from successive steps with a clear beginning, middle, and end. Timelines are predetermined, and milestones are established in order to hit the mark. The same can be said of any successful search. Although no two searches are the same, a defined and repeatable process ultimately leads to quality hires. Using the illustration in Exhibit 2, we can analyze individual steps in the process.

The graphic in Exhibit 2 is purposefully shown as a bell curve, where the bulk of activity occurs in the middle. Each step is dependent on the successful completion of the previous one.

Step 1—Plan the Search

This is the most critical part of the search. This is where the consultative approach begins and the hiring-manager “interview” occurs. The job description is defined for the dual purpose of finding the right talent and protecting the organization from a compliance standpoint (with regard to, for example, the requirements of the Equal Employment Opportunity Commission and the Office of Federal Contract Compliance Programs). If a ready-made job
description is available, the recruiter should have a copy for the meeting. If not, this is where we outline the role, identify responsibilities, and determine qualifications (years of experience, education, etc.). Typical issues that should be raised during the planning phase include:

- Why is this job open?
- What is the reporting structure?
- What is the reward structure?
- Who is on the interview team?
- What is your ideal timeline to fill this role?
- Describe the “must-have” criteria you’re seeking in a candidate.
- Describe the “nice-to-have” criteria (they are not necessarily knock-out factors).
- Provide an example of the ideal candidate.
- What character traits are most important?
- Define what it means for new hires to be able to do their job on day one.

Countless other questions exist, but the point is to fully understand the role. For instance, if you don’t know what a solution architect does in your company and that’s what you’re seeking, ask the manager to explain it in his or her own words. If the manager is unable to explain the job function adequately, ask if someone on the hiring team can provide an overview or describe the ideal candidate. Within reason, we need to fully understand the role to be filled and the mind-set of the hiring manager.

A brief discussion outlining everyone’s role takes place. Recalling that a lack of communication is typically the root cause for manager dissatisfaction when hiring, it’s imperative to be clear. This is the best opportunity to gain buy-in from across the table. We’re all in it together, so a commitment on

your deliverables as well as theirs should be set. For example: “I’ll begin the search after we finish here. This involves finding candidates using all our resources and narrowing them to a short list. You’ve agreed to review the short list and respond within 48 hours. Also, you’ve agreed to ask your team for referrals, since they might know someone in their network who fits the bill. We’ll assess candidates with the interview team and select finalists before moving to the offer stage.”

Depending on what time-to-fill goals are in place (if any), the source phase could take approximately two weeks. Tell the managers this fact and get agreement on it. The assess phase may take longer (depending on schedules, availability of candidates for interviews, etc.). Assessments may last three to four

weeks. Let the managers know this as well. The close and engage phases round out the process over another two weeks, for a total of approximately eight weeks. Hiring managers should be told the anticipated timeline for the entire process so that they can manage their expectations about the time it will take to fill a specific position and learn exactly what goes into a search. [This timeline is general guidance based on the assumption you’re hiring for relatively complex skill sets. It clearly would be different for mass hiring efforts of nonskilled labor or true executive searches.]

Just because you’re hiring a secretary doesn’t mean it will be any easier to do that search versus a search for a VP of Sales. Generally speaking, the more senior the role, the longer the search. The point here is that if we
don’t agree in advance on the milestones, then we’ve already failed to set proper expectations. Managing expectations is as important as any skill or tool in our arsenal.

**Step 2—Source the Candidates**

The number-one source for new hires at Epsilon is employee referrals (36 percent in 2008). They have historically proven to be the best hires based on attrition rates, performance reviews, and upward mobility throughout the years. Good people know other good people, and the power of someone’s personal and professional network should never be underestimated.

Casting the widest possible net is essential when sourcing. We can’t decide whether we’ve hired the best person unless we’ve looked at everyone. The source phase is analogous to a funnel. The funnel is filled from the top with all available talent. Results should involve a résumé review that produces a smaller pool of manageable candidates. Leverage your applicant-tracking system to filter candidates during the sourcing process. Almost every tool has the ability to load prescreening questions so recruiters spend time reviewing only the most qualified applicants.

Use all available resources at your disposal. However, spending money on recruiting sources that don’t yield good results just doesn’t make sense. Take the time to calculate yield on all your sources (job boards, agency recruiters, employee referrals, print ads, direct sourcing, campus hires, etc.). For example, at Epsilon we’ll pay up to $5,000 for an employee referral who is successfully hired. It’s an unusually high amount but still cheaper than paying for a headhunter. Determine what gets the most bang for the buck. There will be trial and error over time, but these calculations prove worthwhile because they provide an ROI for hiring. We’ve found that by factoring in all recruiting expenses typical cost-per-hire floats in the $6,000–$8,000 range. When faced with volume recruiting, our break-even analysis shows that approximately eight hires can justify using a contract recruiter versus paying for those eight through an agency. So by swapping out the fees for the contract-recruiting labor cost, we come out ahead on the ninth hire or more.

**Step 3—Assess the Candidates**

When expectations are clear and you’ve found a short list of candidates, it’s time to evaluate. This is where we apply the basic questions: Can they do the job? Do they want the job? Will they fit the job?

Tried-and-true behavioral interviews work great for almost every position. If creative thinking is something the hiring manager feels strongly about (70 percent of those in Epsilon’s CMO survey seek that skill), then make it a priority to measure. Predetermined questions should be formulated. Assigning questions to each member of the interview team can help to ensure that you are measuring the “must-have” criteria that the hiring manager laid out during the planning phase. Because each manager has his or her own style, it’s important to give managers some freedom in formulating questions, but there still needs to be an understanding of what’s being measured. This is a great coaching
opportunity for inexperienced interviewers as they learn to evaluate people.

Creating a simple 1–5 rating scale for the skills assessment provides a measurable data point at the end of the process, instead of simply relying on feedback such as “I liked them” or “Seemed like they could do the job.”

When hiring for technical skills, some companies incorporate testing tools (such as ProveIT and TeckChek), which gives them an objective view of the candidate’s knowledge. Although it doesn’t necessarily mean the person with the highest score will always be hired, it’s another way to inject objectivity and measurable data into the decision. The test results can also be referred to later to check whether they were a good predictor of future success.

A roundtable discussion with the hiring team to discuss test results is necessary. This process doesn’t have to be overly formal, but getting everyone together in a room is key. A combination of the highest-scoring finalists along with input from the interviewers should give the hiring managers information needed to make their selection. The open communication that occurs during this meeting will solidify expectations. At the end of the day, there should be some healthy debate, a clear view of candidates’ strengths and weaknesses, and an agreement that the right person was selected. Of course, this doesn’t necessarily mean every new hire will succeed and stay forever. But it will satisfy the feeling that the right choice was made using a blend of objective data and subjective gut feel.

Step 4—Close the Candidate

Closing actually starts from the very first conversation between HR and the candidate. It’s a bit unrealistic to think a candidate should navigate through a series of interviews only to be given a one-sentence offer that will close the deal. Some feel that compensation shouldn’t be discussed until this phase, but that is contrary to how we do things at Epsilon. We believe that the reward structure should be discussed early and often.

The relationship between HR and the candidate is based on the same open communication that HR and the hiring manager share. In the perfect scenario, a closing conversation should be a bit anticlimactic. Of course, an offer of employment is an exciting time for someone, as it should be. However, if expectations have been set properly from the start, the discussion is relatively transactional in nature. Balancing the transactional part and the crescendo of excitement is an art. The science of the successful close is the setting (and meeting) of expectations.

Step 5—Engaging the New Hire

It’s an exciting feeling for new hires to have found their dream jobs and walk in on day one full of energy and ideas. However, the excitement can be fleeting if the new hires discover that nobody knows who they are or where their offices or desks are.

HR and hiring managers shouldn’t miss the opportunity to make a great first impression. Once again, you win with the basics here. Be sure to communicate the new hires’ arrival; have desks, computers, and phones ready for them; take them on a tour of the office, café, and gym; introduce them to
coworkers and colleagues; and establish a plan for day one, week one, and month one on the job. All of these efforts go a long way toward welcoming new members of the organization.

The benefits of a well-thought-out welcome for new hires are twofold. First, these efforts set the tone for a professional and productive environment. Second, new hires who feel welcomed will also feel that they have found the right job in the right organization and will want to refer their friends to work there; tapping into a new employee’s network can supply a flow of candidates for months to come.

MEASURING THE RESULTS

Executives like to keep score, and they’re typically interested in some core metrics generated from recruiting. How many people did we hire? How long did it take? How much did it cost? They’re also interested in the quality of hire. They want to know about productivity and the impact on both cost and revenue. Part of the overall business knowledge includes calculating the cost of vacancy. For instance, if your company sells project work (i.e., billable people) instead of a product, there is revenue directly tied to that head count. Be prepared to understand the cost of vacancy for a particular position, because every day the position goes unfilled there is a loss of revenue.

Weekly, monthly, biannual, and annual measurement can be leveraged to give a transparent view of recruiting activity, as well as production and ROI:

- **Weekly.** A dashboard-style report to leadership can show open searches, aging, and billability of open jobs and hires. More mature organizations can also set up dashboards by a classic red/yellow/green color scheme that will indicate which searches are on target versus those that need closer management.

- **Monthly.** Detailed reporting on hires, sources, cost, yield, applicant, and interview benchmarks will help track and manage the recruiting process over time. Detailed reporting can provide such information as the number of résumés submitted or reviewed that became candidates; the number of candidates who became finalists; the number of finalists interviewed to make a hire; and whether the benchmarks are off target.

- **Annually.** A year-end roll-up of monthly data should be built and analyzed. This is where you’ll examine metrics for time, cost, yield, source, and so on, which are calculated to determine what works and what doesn’t. Look back into previous years (if you’ve done this before) and track what hires have left, who has been promoted, and where they came from (source and prior company).

Ultimately, you still want to know whether the hiring manager is satisfied, and the best way to do that is to ask. Survey your hiring managers twice a year. Free online survey tools enable fast and easy data capture through point-and-click functionality. Keep it simple to get maximum response and make adjustments based on their feedback.
CONCLUSION

The recent recession has stocked the talent pool with more candidates than most have seen in their lifetimes. As unemployment rates reach and exceed generational highs, hiring managers and HR professionals will face more challenging circumstances, as the number of applicants for each position is bound to increase exponentially.

The results from Epsilon’s CMO survey are confounding. With more candidates than ever, how could almost 40 percent of executives be unsatisfied with the level of talent? Unfortunately, the survey data doesn’t lead us to an exact answer. But, the savvy HR professional might be able to theorize—CMOs may perceive a shortage of talent because they are not “fishing” correctly. Pardon the extended metaphor, but one can troll a pond stocked to the brim with fish, but the wrong bait and a haphazard technique will yield lackluster results. Now, more than ever, it’s imperative to have a proven hiring strategy that can help sort through the school of applicants to find the real “keepers.”

Chris Hanson, senior director of HR and recruiting, is responsible for building and sustaining a world-class human capital operation. During his tenure, he has led overall employment-branding initiatives in cooperation with corporate marketing, including Epsilon’s nationwide campus-recruiting function. Prior to joining Epsilon, he was the senior recruiter/team leader at PTC, a product-life-cycle management-software-solutions provider. Before joining PTC, he was an executive recruiter for Keane, Inc., an application and business-process-services firm. He is a member of the Society of Human Resource Management. He may be contacted via e-mail at chanson@epsilon.com or by visiting www.epsilon.com.